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CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

REPORT NO. [REDACTED]

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COUNTRY China

SUBJECT Cotton and CTII, Shantung

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except as noted

SUPPLEMENT TO  
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1. On 12 September 1949 Tsingtao mills of the China Textile Industries Incorporated (CTII) resumed work\*, but their stock of 4,000 bales of cotton (of which 2,000 are from Hong Kong and 2,000 arrived from Tsinan early in September) is almost expended. The arrival of 5,000 bales bought from Tientsin, 2,000 bales exported from Tsinan and the turnover of 5,220 bales in Tsingtao which are consigned to Shanghai\*\* would enable the mills to keep working until the end of October.
2. The Shanghai-consigned cotton, which arrived in Tsingtao in September, cannot be transported by rail to Shanghai because freight charges would equal one-fifth of cargo values. In view of this and the fact that cotton arrived in Shanghai aboard the *FLYING INDEPENDENT*, CTII hopes to obtain the consignment in Tsingtao.
3. The Communist Military Control Commission severely reprimanded the head of the Communist Bureau of Industry and Commerce for failing to get cotton stocks, and informed him it was necessary to keep 20,000 mill employees working at any cost.
4. One agent of the group that went to Tsinan\* stayed to handle purchase of the new cotton crop.
5. CTII in Tsingtao estimates that it must import from 50,000 to 100,000 bales of cotton from abroad, and that half of its requirements for next year can be obtained from the Shantung cotton crop, which is estimated at 500,000 piculs. Efforts are being made to obtain cotton seed, which is also needed, from Honan and the USSR; and Peiping headquarters has been asked to get cotton from the USSR, which is said to have produced colored cotton seed which eliminates the expense of dyeing.
6. Only local fertilizer will be used\*\*\* and there will be no import of fertilizers. Instructions will be given to the farmers to fertilize the land by

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25X1A

- 2 -

plowing under some of the vegetation on which they depend for winter fuel.  
The instructions doubtless will meet with little success.

25X1A

\* [REDACTED] \*  
\* [REDACTED] \*

\* [REDACTED] comment. The fertilizer presumably is to be used for the  
cotton crop.

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